



interest only PLUS

Mortgage Loan Program *Lender Use Only*

The program features a below market interest rate, 35 year term, and interest-only payments for the first five years. The interest rate does not change for the entire 35 year term. (See comparison example at the end of this description.) The *interest only* PLUS loan has a maximum Loan-to-Value limit of 100% and can be used together with CalHFA approved down payment and/or closing cost assistance options for a total CLTV of 107%. The borrowers qualify at the interest-only payment plus impounds.

I. PROGRAM SUMMARY

INTEREST RATE	Fixed rate for the entire loan term Current rates are available at http://www.calhfa.ca.gov					
TERM	Interest-only payments for the first five years, followed by a 30 year fully amortized loan for a total of 35 year term					
LTV	Maximum LTV: 100%					
CLTV	Maximum CLTV: 107%					
ORIGINATION FEES	1.5% origination fee No discount fees allowed					
PROPERTY ELIGIBILITY	Property must meet all of the following requirements: <ul style="list-style-type: none">• Be within CalHFA-defined sales price limits• Be a single-family, one-unit residence, including approved condo/PUDs• Manufactured housing is allowed if permanently attached, fee simple title. Cannot exceed a 90% LTV and CLTV Limit					
MORTGAGE INSURANCE	<div>The Zero Upfront Monthly Mortgage Insurance (ZUMMI) is provided by CalHFA Mortgage Insurance Services and is required on the first loan as follows:</div> <table><tr><td><u>First Loan LTV:</u> <u>95.01% — 100%</u> Coverage: 35% Cost: .85% Due: Monthly</td><td><u>First Loan LTV:</u> <u>90.01% — 95%</u> Coverage: 35% Cost: .75% Due: Monthly</td></tr><tr><td><u>85.01% — 90%</u> Coverage: 35% Cost: .55% Due: Monthly</td><td><u>80.01% — 85%</u> Coverage: 35% Cost: .40% Due: Monthly</td></tr></table>		<u>First Loan LTV:</u> <u>95.01% — 100%</u> Coverage: 35% Cost: .85% Due: Monthly	<u>First Loan LTV:</u> <u>90.01% — 95%</u> Coverage: 35% Cost: .75% Due: Monthly	<u>85.01% — 90%</u> Coverage: 35% Cost: .55% Due: Monthly	<u>80.01% — 85%</u> Coverage: 35% Cost: .40% Due: Monthly
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BORROWER ELIGIBILITY	<p>Borrowers must meet the following requirements:</p> <ul style="list-style-type: none"> • Be a U.S. citizen, permanent resident alien or qualified alien • Be a first-time homebuyer, unless home is located in a federally designated Targeted Area • Occupy the property as their primary residence; non-occupant co-borrowers are not allowed • Meet CalHFA-defined income limits • Meet credit, income and loan requirements of the CalHFA Lender and the mortgage insurer <p>www.calhfa.ca.gov/homeownership/information/borrower-requirements.htm</p>
TRANSACTION TYPE	Purchase transactions only
PARTICIPATING LENDERS	All CalHFA-approved Lenders
MAXIMUM SALES PRICE	Sales prices limits by county are published twice each year. Refer to the web site at www.calhfa.ca.gov for current county limits
MAXIMUM LOAN AMOUNT	Loan limits are based upon sales price and income according to the county in which the property is located
INCOME LIMITS	Income limits by county are published each year. Refer to the web site at www.calhfa.ca.gov for current county limits
SUBORDINATE FINANCING	<p>CalHFA-approved subordinate financing programs that can be used in conjunction with this loan program for down payment or closing cost assistance include:</p> <ul style="list-style-type: none"> • <u>HiCAP</u> can only be utilized in certain high cost counties • <u>CHDAP</u> has its own income limits. Does not have to be in second position. Cannot be used with ECTP or HIRAP program • <u>HIRAP</u> cannot be used with CHDAP or ECTP • <u>ECTP</u> borrowers must be employed in a high priority school district. Cannot be used with HIRAP or CHDAP • <u>SFF</u> offers grants to buyers of new homes • <u>AHPP</u> in conjunction with local housing programs <p>Details on the above programs can be found on our web site at www.calhfa.ca.gov/homeownership</p> <p>Note: The CHAP down payment assistance program is not available on the <i>interest only PLUS</i> program</p>
SELLER CONTRIBUTIONS	<p>Seller contributions are acceptable for non-recurring closing costs only, as follows:</p> <ul style="list-style-type: none"> • 90.01% LTV or higher: 3% • 90% LTV or lower: 6%
INTEREST ONLY PERIOD PAYMENT	During the interest only period (first five years), the required monthly payment will consist of interest, taxes and hazard insurance. Flood and mortgage insurance and homeowners association dues may also be included if required
PREPAYMENTS	<p>No prepayment penalty.</p> <p>If principal prepayments are made during the interest-only period, the required monthly payment will adjust downward to reflect the principal reduction.</p> <p>Additional principal payments made after the interest-only period will be applied to decrease the outstanding principal balance</p>

PAYMENT INCREASE NOTICES	Servicers must give Borrowers a reminder notice each year that their payments will increase beginning in year six, as well as a final payment increase reminder 45 days prior to the actual adjustment
BUYDOWNS	Permanent buydowns are not allowed. Temporary buydowns are allowed. The borrower will be qualified at the note rate not the buydown rate
SERVICE RELEASE PREMIUM (SRP)	Currently 90 basis points if servicing released to CalHFA
REPAYMENT OF CALHFA SUBORDINATE FINANCING	<p>Upon the occurrence of any of the following, the entire principal and interest on the loan is due and payable:</p> <ul style="list-style-type: none"> • The first Note and Deed of Trust become due and payable; • The first Note and Deed of Trust loan is paid in full; • The first Note and Deed of Trust is refinanced; • The property is sold; • A formal filing and recording of a notice of default, unless rescinded; or, • The property is no longer occupied as a principal residence by the borrower

II. UNDERWRITING GUIDELINES*

MINIMUM CREDIT SCORE	A minimum credit score of 620 is required. This minimum score is not applicable if the loan is approved via an approved automated underwriting system. If the score is unusable or the borrower has a lack of credit history, alternative documentation may be used to demonstrate credit worthiness
UNDERWRITING	CalHFA will accept loans that have been manually underwritten or have received an Approve/Eligible or Approve/Ineligible from Fannie Mae's Desktop Underwriter (DU), or an Accept credit risk rating from Freddie Mac's Loan Prospector (LP).
RATIOS	An overall ratio of 45% based on the interest only payment (interest, taxes, hazard insurance, and flood and mortgage insurance and homeowners association dues if applicable) is acceptable when supported by sufficient income. Ratios in excess of 45% will be considered on an exception basis depending upon the overall strength of the application or as specified by a approved automated underwriting system
ADVERSE CREDIT ISSUES	<p>Bankruptcies must be discharged two years prior to loan application; bankruptcies discharged less than two years may be allowed if extenuating circumstances exist.</p> <p>Judgments, Tax Liens, Collections, Repossessions and Charge-offs must be paid in full at time of application or as a condition of funding</p>
CASH RESERVES	Borrower is required to have two months cash reserves to cover the interest only period payment or as specified by an approved automated underwriting system

III. DOCUMENTATION

FILE TRANSMITTAL	<p>Only one package is necessary for CalHFA conventional loan files. For a list of required documents, refer to http://www.calhfa.ca.gov/homeownership/loan-checklist.pdf.</p> <p>In addition, a Mortgage Insurance Application is required for loans requiring mortgage insurance coverage. Send all package loan files and documents to:</p> <p>CalHFA Homeownership Programs 1121 L Street, 7th floor Sacramento, CA 95814</p>
NOTES AND DEEDS	Use CalHFA <i>interest only</i> PLUS Note and CalHFA Conventional Deed of Trust. Documents are available at www.calhfa.ca.gov

*Complete information about underwriting and its guidelines is available at www.calhfa.ca.gov

NOTE: The information provided in this program description is for guidance and discussion with Lenders only, and not intended as a consumer disclosure. **See loan comparison example below.** Interest rate information is only an indication of a possible rate that could be charged. This program description and all of its terms, including interest rates, are subject to change without notice.

How CalHFA <i>interest only</i> PLUS Works: Loan Comparison					
Example: \$300,000 Sales Price and \$300,000 Loan Amount Assume 100% LTV					
Conventional 30-Year Loan			CalHFA <i>interest only</i> PLUS		
Interest Rate*	5.25%	(5.8216% APR*)	Interest Rate*	5.25%	(6.1276% APR*)
Initial Payment*	\$1,656.61	Years 1-30	Initial Payment*	\$1,312.50	1 st 5 years
			Monthly Savings	\$344.11	
			6 th Year Payment	\$1,656.61	Years 6-35
<p>*Interest rate is for comparison only. Contact CalHFA at www.calhfa.ca.gov for current rates and a list of CalHFA-approved Lenders. Payment comparisons include only principal and interest. Taxes, hazard insurance, and mortgage insurance are often also required and included in the monthly payment. Sample APRs include typical finance charges, such as lender fees and mortgage insurance.</p>					

This sample is for illustrative purposes only. It does not reflect any specific loan's terms

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